

REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA

**THE SELECTION OF CHILD ABUSE AND
NEGLECT PREVENTION PROJECTS MEETS
STATE REQUIREMENTS, BUT THE
DISTRIBUTION OF FUNDS TO MOST OF
THOSE PROJECTS IS NOT PROMPT**

REPORT BY THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

P-265.1

THE SELECTION OF CHILD ABUSE AND
NEGLECT PREVENTION PROJECTS MEETS
STATE REQUIREMENTS, BUT THE DISTRIBUTION OF
FUNDS TO MOST OF THOSE PROJECTS IS NOT PROMPT

MAY 1984



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May 10, 1984

P-265.1

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
State Capitol, Room 3151
Sacramento, California 95814

Dear Mr. Chairman and Members:

The Office of the Auditor General presents its report concerning the selection of projects to prevent or reduce child abuse and neglect and the distribution of funds to those projects.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas W. Hayes".

THOMAS W. HAYES
Auditor General

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SUMMARY

In selecting contractors to provide child abuse and neglect prevention services, the Department of Social Services (department) and the Office of Criminal Justice Planning (OCJP) complied with the applicable requirements set forth in Assembly Bill 1733 (Chapter 1398, Statutes of 1982), the State Administrative Manual, and the department's procedures. In addition, the department's process for reviewing and approving the counties' selection of projects ensured that the counties observed established guidelines. However, the department has not promptly distributed AB 1733 funds to most projects or counties providing child abuse and neglect prevention services. As a result, some projects have insufficient funds to meet their expenses, and counties must use their own resources to support their projects. In contrast to the department, the OCJP promptly disburses funds to its projects for preventing sexual abuse and exploitation of children.

Selection of Child Abuse and Neglect Prevention Projects Meets State Requirements

In compliance with state and legislative requirements, the department and the OCJP used competitive processes to select the contractors who would provide child abuse and neglect prevention services. AB 1733 directed the department to fund projects that use innovative approaches to prevent child abuse and neglect. The legislation also gave counties the option to select local projects to provide services for the prevention of child abuse and neglect. Forty-seven counties chose to select their own local projects to prevent child abuse and neglect, and the department ensured that their project selection activities met the requirements of AB 1733 and the department's policies and procedures. The remaining 11 counties chose not to select their own projects, and the department, following the directions of AB 1733, contracted with local agencies to offer services in those

counties. The department also transferred funds designated for innovative projects to the OCJP, which selected four projects designed to prevent sexual abuse and exploitation of children.

We determined that the department used a competitive process to select the ten projects that would test innovative approaches to prevent or reduce child abuse and neglect as well as the local projects for the 11 counties that chose not to contract for their projects. For the 47 counties that chose to select their own projects, the department reviews and approves the requests for proposals (RFP) developed by the counties, the proposals selected by the counties, and the contracts between the counties and their selected projects. The department's review process determined that the RFPs and proposals for project selections in 40 of the 47 counties did not comply with state or legislative requirements. The department subsequently required those 40 counties to revise the RFPs, the projects' proposals, or the contracts.

According to our findings, the department's review and approval of the counties' project selection took an average of 7.5 months to complete. Contract officers from the department's Contracts Bureau told us that they could have reduced this time to 5 to 6 months if the bureau had received the additional staff it had requested to conduct the AB 1733 contract review and if the counties had been familiar with the department's contracting processes.

Through an interagency agreement, the department transferred \$184,000 of the funds allocated for the innovative projects to the Office of Criminal Justice Planning (OCJP). The OCJP used this money to fund four projects demonstrating innovative approaches to prevent sexual abuse and exploitation of children. The OCJP selected its projects through a competitive process, as required by AB 1733.

Distribution of Funds to
Most Child Abuse and Neglect
Prevention Projects Is Not Prompt

The department has not promptly distributed AB 1733 funds to most of the projects that provide child abuse and neglect prevention services. When projects do not receive funds promptly, they cannot meet their monthly obligations without borrowing from other sources or withholding staff payroll. Seven directors for projects administered by the department told us that they needed to obtain loans to meet their monthly operating expenses. Furthermore, we determined that at least 26 of the 47 counties that selected their own projects for providing services to prevent child abuse and neglect have been forced to use their own resources to support their projects.

The delays in the department's disbursement of funds to its child abuse and neglect prevention projects occurred because the department had not assigned sufficient staff to process the projects' invoices. In addition, reimbursements to counties were delayed because the department did not authorize the counties to claim reimbursements until the department reviewed and approved each county's contracts, even though the department had authorized the counties to proceed with their projects. Unlike the department, the Office of Criminal Justice Planning has promptly distributed AB 1733 funds to its innovative projects for the prevention of child sexual abuse and exploitation.

INTRODUCTION

Child abuse is defined as any act that endangers or impairs a child's physical or emotional health and development. Under this definition, child abuse includes physical abuse and corporal punishment, emotional abuse, physical neglect, inadequate supervision, and sexual abuse. The National Center on Child Abuse and Neglect estimated that 1.4 million children were confirmed victims of child abuse and neglect in the United States during 1982. During the same year, California counties served more than 135,000 children who were reported abused or neglected.

The Office of Child Abuse Prevention (office) within the Department of Social Services (department) is responsible for developing services to prevent child abuse. To fulfill this responsibility, the office funds and monitors pilot and demonstration projects for the prevention of child abuse.* The office also provides technical assistance to communities that need help in dealing with problems that involve child abuse and neglect. Further, the office serves as the center for coordinating child abuse and neglect prevention activities throughout the State.

*A pilot project receives original funding from one source in anticipation that the project's results will attract continued funding from other sources. A demonstration project attempts to develop a model that, if successful, can be replicated by other projects.

Assembly Bill 1733 (Chapter 1398, Statutes of 1982), which became effective on October 1, 1982, appropriated \$10 million from the State's General Fund for the office and its child abuse and neglect prevention programs. Assembly Bill 1733 (AB 1733) directed the department to contract for three types of projects: training and technical assistance projects, projects with innovative approaches to prevent child abuse and neglect, and local projects to provide child abuse and neglect prevention services. The legislation authorized the counties to select their own projects, and it required the department to contract with local agencies to provide services in those counties that chose not to select their own projects. The legislation allocated \$9 million for local projects of both public agencies and private nonprofit agencies and \$1 million for innovative projects. AB 1733 also designated a limit of 5 percent of the funds for administrative costs and provided 3 percent of these funds for training and technical assistance. Further, the legislation established procedures, criteria, and priorities for selecting the projects to be funded.

To comply with this legislation, the department selected three types of child abuse and neglect prevention projects. First, the department selected three projects to provide training and technical assistance.* Second, the department chose ten projects to test

*See Auditor General's Letter Report P-265, dated March 14, 1983, for information on the training and technical assistance projects.

innovative approaches to prevent child abuse and neglect, and it transferred \$184,000 to the Office of Criminal Justice Planning for innovative projects to prevent sexual abuse and exploitation of children. Finally, the department selected local projects for the 11 counties that decided not to select their own child abuse and neglect prevention projects. The remaining 47 counties chose their own projects.

Auditor General's 1983 Report
on the Implementation of AB 1733

In March 1983, the Auditor General reported on the department's implementation of AB 1733. This report, "Compliance with the Competitive Process for Contracting with Child Abuse and Neglect Prevention Agencies" (P-265, March 14, 1983), stated that the department's methodology and formula for allocating AB 1733 funds to the counties met the intent of the legislation. However, the department did not use a competitive process to select contractors that would provide training and technical assistance. Furthermore, the Office of Child Abuse Prevention did not routinely evaluate projects for their effectiveness in preventing or reducing child abuse or neglect.

SCOPE AND METHODOLOGY

AB 1733 requires the Auditor General to assess the competitive process for contracting with child abuse and neglect prevention

agencies.* To conduct this assessment, we examined applicable contracting laws and guidelines and evaluated the Department of Social Services' review of county contracting procedures. We reviewed the selection of child abuse and neglect prevention projects by the department and the Office of Criminal Justice Planning, as well as the contracting procedures at Imperial, Los Angeles, and Santa Clara counties. In addition, we interviewed department and county personnel responsible for implementing AB 1733. Finally, to obtain additional information on the counties' selection of the local projects, we sent questionnaires to the 47 counties that chose to select their own projects for child abuse and neglect prevention services.

AB 1733 also requires the Auditor General to determine if funds are distributed promptly to the child abuse and neglect prevention projects. We therefore interviewed personnel at the department, the OCJP, and the State Controller to obtain their standards for processing project invoices submitted for reimbursement. We then compared these standards to the actual time taken to process invoices submitted by the projects and the counties from June 6, 1983, to January 3, 1984. In addition, we interviewed county officials and 24 project directors to determine how delays in receiving reimbursements affected the projects' operations.

*In this report we use the term "project" to describe the entity providing child abuse and neglect prevention services. An agency may operate more than one project, and our analysis is based on the number of projects selected to provide such services.

Finally, AB 1733 further requires the Auditor General to describe the effect of child abuse prevention projects in mitigating child abuse and neglect in a sample of California counties. However, as of the end of our fieldwork, February 8, 1984, none of the contracts for the projects had expired. We are unable to evaluate the effectiveness of the projects until they have completed their contracts. We will, therefore, provide information on project effectiveness to the Legislature in a subsequent report.

In the following sections, we first discuss the selection of child abuse and neglect prevention projects by the Department of Social Services, the counties, and the Office of Criminal Justice Planning, and we evaluate compliance by these agencies with established contracting procedures. We then discuss the department's and the OCJP's reimbursement of expenses to child abuse and neglect prevention projects.

ANALYSIS

I

SELECTION OF CHILD ABUSE AND NEGLECT PREVENTION PROJECTS MEETS STATE REQUIREMENTS

In selecting the contractors to provide innovative and local child abuse and neglect prevention services, the Department of Social Services (department) and the Office of Criminal Justice Planning (OCJP) met the applicable requirements of AB 1733, the State Administrative Manual, and the department's procedures. We found that the department's process for reviewing and approving the counties' selection of projects ensured that the counties observed established procedures and used the competitive process. However, we also found that, as of February 8, 1984, the last day of our fieldwork, the department had approved the counties' contracts for local projects in only 14 of 47 counties. This approval included the department's permission for counties to claim reimbursement for their projects' expenses.

AB 1733 requires a competitive process for selecting projects to prevent or reduce child abuse and neglect, and it specifies the procedures, criteria, and priorities for choosing the projects. The competitive process, as defined by the chief of the department's Contracts Bureau, follows established guidelines and treats every bidder and potential bidder the same way.

Innovative Projects

Through a competitive process, the department selected ten projects that would demonstrate innovative approaches for the prevention of child abuse and neglect. These projects contracted to provide such services as informing the public about child abuse, counseling children and adults, and training children to avoid assault or molestation. The projects currently plan to serve at least 5,700 children, 3,800 adults, and 2,600 families. The innovative features of these projects include services to the Indochinese population in the greater Sacramento area, services to isolated families, the use of drama as therapy for children, and services to foster parents.

The State Administrative Manual (SAM) requires state agencies to obtain at least three competitive bids or proposals for each contract. To ensure that bids or proposals will be competitive and that all proposals will accomplish the same goal, the SAM also requires requests for proposals to be as precise as possible. Further, the SAM requires state agencies to use an objective evaluation method to select contractors, and it specifies the procedures to implement its requirements.

The department followed these steps to guarantee competition in the selection of its innovative projects: 1) developing a request for proposal (RFP) compatible with the guidelines set forth in the SAM and responsive to the requirements of AB 1733; 2) completing a mailing list

of potential bidders; 3) mailing the RFP to those potential bidders; 4) advertising the RFP in the California State Contracts Register; 5) evaluating all proposals against criteria identified in the RFP; and 6) selecting the projects based on the results of the evaluation. The department thus complied with state requirements and selected its innovative projects through a competitive process.

From the selection of the innovative projects to final approval of the contracts by the Department of General Services, the review and approval process averaged 5.8 months. These projects began operating in August and September 1983, and the contracts will end in August 1984.

Local Projects

Local child abuse and neglect prevention projects were selected in two ways: 11 counties elected to have the department select the projects for them, and 47 counties chose their own projects.

We determined that the department used a competitive process to select the projects for the 11 counties that chose not to select their own projects. The department used the same process to select these projects as it used to select the innovative projects. The department contracted with these projects to provide such services as public education on child abuse, counseling services for both children and adults, and training for law enforcement personnel who deal with child

abuse and neglect. These projects plan to provide services to at least 2,200 children, 2,500 adults, and 600 families. In addition, one project estimated that it would reach an additional 50,000 persons through radio and television announcements.

From the selection of these projects by the department until the final approval by the Department of General Services, the review and approval process averaged 5.2 months. These projects began operations in September and October 1983, and their contracts run for one year.

For the 47 counties that chose to select their own child abuse and neglect prevention projects, the department assumed responsibility for reviewing the counties' selection processes. The department's review and approval of the counties' project selection activities ensured that the 47 counties used competitive processes to select their projects and that the counties met the requirements of AB 1733 and the department's procedures.

We sent questionnaires to the 47 counties that decided to select their own projects. Twenty-six counties that responded to the questionnaire said that their chosen projects will offer such services as counseling for children and adults, educational programs for parents and the public on child abuse, and instruction for children on how to avoid assault or molestation. We also found that projects plan to serve at least 49,000 children, 21,000 adults, and 3,900 families. In addition, one project plans to serve 9,000 persons through its telephone hotline,

and another project estimates that its television and radio presentations will reach a minimum of 272,000 persons. We found that two projects began operations as early as May 1983; however, at least six projects in the counties that responded to our questionnaire still had not begun operations as of January 26, 1984.

To select their local projects, the 47 counties issued requests for proposals (RFP) or invitations for bids (IFB) and evaluated the proposals received in response to their RFPs or IFBs. They then chose the projects that would provide local services to prevent child abuse and neglect and signed contracts with those projects. During the counties' selection process, the department reviews and approves the counties' RFPs and IFBs, the proposals for the projects they selected, and the contracts between the counties and their chosen projects.

We reviewed the department's Contracts Bureau (bureau) files for these 47 counties to determine the effectiveness of the bureau's review of the counties' contract selection process. The project selection activities for 40 of the 47 counties would not have complied with the provisions of AB 1733 or the department's Manual of Policies and Procedures if the bureau had not reviewed the counties' project selections and required the counties to revise their RFPs, project proposals, or contracts. For example, AB 1733 requires each project to demonstrate that at least one local public agency supports the funding of that project. We found that the bureau required 17 counties to revise their RFPs or proposals in order to meet this requirement. Also, 10 of

the 40 counties distributed their RFPs or IFBs to potential bidders without first receiving permission from the bureau. The bureau subsequently determined that all 10 counties' documents failed to comply with the department's policies and procedures and that 9 of the 10 documents failed to comply with the requirements of AB 1733. The bureau later required these 10 counties to correct the deficiencies in their RFPs or IFBs.

Our visits to Imperial, Los Angeles, and Santa Clara counties disclosed that the department's review process ensured that these counties selected their projects through competitive processes. Each of these counties used a different approach to select its projects. Imperial County had its chief probation officer conduct the selection process; Los Angeles County's Department of Community Development coordinated the county's selection process; and Santa Clara County hired a private consultant to conduct the selection process. Despite the three counties' different approaches, the department's review process guaranteed that each county followed the guidelines of both AB 1733 and the department in choosing its projects.

However, the review and approval process, though effective, took the Contracts Bureau an average of 7.5 months for the first 14 counties. These counties could not claim reimbursement for their local projects' expenses until the bureau had approved their contracts. In contrast, the bureau's complete review and approval process for the innovative projects took an average of 5.8 months, and the review and

approval process for the projects in the 11 counties that chose not to select their own projects averaged 5.2 months.

Contract officers in the department's Contracts Bureau told us that the review process could have taken only 5 to 6 months to complete if the counties had been familiar with the department's contracting process and if the bureau had received the additional staff it requested to review the AB 1733 contracts. County officials verified that their lack of familiarity with this type of contracting process added to the time taken to complete the process. The department anticipated processing 120 new contracts as a result of AB 1733 and submitted a Budget Change Proposal requesting one additional position that would be responsible for processing these contracts. The Department of Finance approved nine new department positions to implement AB 1733. However, the department did not assign any of these new positions to the bureau. In addition, contract officers assigned to review the counties' project selection activities told us that they could not devote all of their time to this task because they were also conducting similar reviews for two other Department of Social Services programs.

Office of Criminal
Justice Planning Projects

The department entered into an interagency agreement with the Office of Criminal Justice Planning (OCJP) to transfer \$184,000 of the \$1 million for innovative projects to the OCJP. The OCJP used this money to fund four projects to prevent sexual abuse and exploitation of children. The OCJP selected its four projects through a competitive process similar to that used by the department.

The OCJP gave grants to projects that will provide such services as training programs for teachers, counselors, and therapists, and sexual assault prevention workshops for children. The workshops will include presentations for hearing impaired, developmentally disabled, and minority children. These four projects plan to serve approximately 15,000 children and 7,300 adults.

From the selection of these projects to the final approval of the grants by the OCJP, the review and approval process took an average of 4.5 months. The effective dates of these OCJP grants ranged from April 1, 1983, to July 31, 1983; the grants extend for one year.

CONCLUSION

The Department of Social Services and the Office of Criminal Justice Planning used competitive processes to select their projects for preventing child abuse and neglect. The department ensured that the counties' project selection activities met the requirements of AB 1733 and the department's own policies and procedures. However, the department's process for reviewing and approving the counties' selections could have taken less time if the counties had been familiar with the department's contracting process and if the department had provided the additional staff that the Contracts Bureau had requested to conduct the review process.

II

DISTRIBUTION OF FUNDS FOR
MOST CHILD ABUSE AND NEGLECT
PREVENTION SERVICES IS NOT PROMPT

The Department of Social Services has not promptly distributed AB 1733 funds to most of the projects that provide child abuse and neglect prevention services, and the department is not promptly reimbursing the counties for the expenses of their local projects. The process for approving project invoices consistently takes over 20 working days and sometimes as much as 10 weeks to complete. In contrast, the Office of Criminal Justice Planning, which received some of the department's AB 1733 allocation, promptly disburses funds to its innovative projects for preventing sexual abuse and exploitation of children.

Delays in the department's disbursement of AB 1733 funds to child abuse and neglect prevention projects and to counties administering such projects forces projects to use other sources of funds to meet their monthly operating expenses. Seven project directors told us that their projects had to obtain loans to meet expenses because they had not received their AB 1733 reimbursement from the department. These delays in the department's disbursement of funds to child abuse and neglect prevention projects occurred because the department had assigned insufficient staff to process the invoices for 173 of the department's contracts and interagency agreements. Furthermore, we determined that at

least 26 counties were forced to use their own resources to support their projects. Although it allowed counties to have their projects begin operations, the department did not authorize a county to claim reimbursements until the department had completed its review and approval of that county's contracts. Reimbursements to counties were delayed because the approval process took much longer than the department expected.

The Department Has Delayed
Distribution of Funds to Projects

The department is responsible for ensuring that AB 1733 funds are distributed to projects providing child abuse and neglect prevention services. The chief of the department's accounting bureau stated that the prompt reimbursement of expenses incurred by these projects constitutes good business practice. Projects and counties are required to submit monthly invoices for actual expenses to the department for reimbursement, and the department's Office of Child Abuse Prevention and its accounting bureau review and approve these invoices. The accounting bureau then submits the invoices to the State Controller for payment.

According to supervisors for claims processing at the department and at the State Controller's Office, project invoices should be processed within 20 working days. The Office of Child Abuse Prevention and the department's accounting bureau should each take 5 working days to review and approve the invoices, and the State Controller should take an additional 10 working days to issue payment to the projects or the counties.

We examined the time it takes to process invoices at both the department and the State Controller's Office and determined that delays occur in the process. However, we were unable to determine when the department and the Office of Child Abuse Prevention received the invoices because the department did not maintain such records. Therefore, we could not evaluate the 5-day period that the office had allotted for the processing of project invoices. We defined the time required to process invoices as the time from the date the Office of Child Abuse Prevention approved the invoice to the date the State Controller paid the invoice. Because we were unable to determine the length of time it took to process invoices prior to the office's approval, we evaluated the processing time based on a 15-working-day standard.

We reviewed 71 invoices submitted by 24 child abuse and neglect prevention projects from June to December 1983. We found that 62 of the 71 invoices, or 87 percent, were not processed within the 15-working-day standard. The average processing time was 26.7 working days for the three training and technical assistance projects, 25.9 working days for the ten projects providing innovative approaches to preventing child abuse and neglect, and 23.7 working days for eleven of the projects in the counties that chose not to select their projects. The average time taken to process these invoices exceeds the 15-day standard by approximately two weeks, and the variations in processing times are even more significant. For example, the processing time for some project invoices took as long as 10 weeks. The processing times that we calculated would be even longer if we had been able to determine when the

department first received the invoices. Table 1 shows the time intervals between each phase of the invoice approval process.

TABLE 1
**TIME INTERVALS BETWEEN EACH PHASE
OF THE INVOICE APPROVAL PROCESS**

<u>Time Intervals</u>	<u>Average Number of Working Days</u>		
	<u>Training and Technical Assistance Projects</u>	<u>Innovative Projects</u>	<u>County Projects for which the Department Contracts</u>
Date approved by the Office of Child Abuse Prevention to date received by accounting bureau	1.6	0.2	0.2
Date received by accounting bureau to date sent to State Controller	13.4	14.7	12.8
Date sent to State Controller to date invoice paid by State Controller	<u>11.7</u>	<u>11.0</u>	<u>10.7</u>
Total time	<u>26.7</u>	<u>25.9</u>	<u>23.7</u>
Range of Working Days	11-51	11-41	13-33

The figures shown on Table 1 indicate that the longest step for processing invoices occurred between the time the accounting bureau received the invoices and the time it submitted the invoices to the State Controller.

Delays in processing invoices for child abuse and neglect prevention projects result in financial difficulties for some projects. According to project directors, many of the projects are forced to use other sources of income to meet their monthly expenses for providing child abuse and neglect prevention services. For example, 7 of the 24 projects we reviewed had to obtain loans between \$2,500 and \$20,000 to meet their monthly obligations. Additionally, 8 of the 24 projects withheld staff payrolls because they had insufficient funds to meet their payroll obligations. Further, 9 of the 24 project directors told us that they had arranged with their creditors to make late payments to meet their obligations, including rent and the leasing of copy machines and other office equipment. One project director told us that she arranged to get an extension for rent that was 3 months overdue as of January 1984. Finally, 19 of the 24 project directors told us that they were forced to use other sources of funds, such as United Way funds and donations, to continue their child abuse and neglect prevention programs.

Delays in the department's disbursement of funds to child abuse and neglect prevention projects occurred because the department had assigned only one staff person in the accounting bureau to process monthly invoices for approximately 173 of the department's contracts and interagency agreements. Of these contracts and interagency agreements, 72 pertain to child abuse and neglect prevention projects. Delays in disbursements also occurred because the accounting bureau did not assign additional staff to process project invoices during a three-and-one-half-week period in 1983 that accounting staff took vacations. As a result, the accounting bureau developed a six-week backlog of invoices.

In November 1982, the department submitted a Budget Change Proposal requesting an additional position that would be responsible for processing invoices for child abuse and neglect prevention projects. Although the Department of Finance authorized nine new positions to implement AB 1733, the department did not assign any of these new positions to the accounting bureau. In August 1983, the accounting bureau prepared another Budget Change Proposal, again requesting an additional staff position. According to a department budget analyst, the department approved the Budget Change Proposal and authorized a position transfer within the department. The new position will become effective July 1, 1984.

On February 21, 1984, the Chief of Administrative Accounting told us that an account clerk was transferred temporarily within the accounting bureau to assist in processing the backlog of AB 1733 invoices. He also told us that staff worked overtime to process invoices and thus reduced the invoice backlog from six weeks to one week.

The Department Has Delayed Reimbursement to Counties

As of January 25, 1984, the department had reimbursed only 8 of the 47 counties that selected their own child abuse and neglect prevention projects for the invoices they had submitted to the department from July 1983 to January 1984. As a result, counties were forced to use their own resources to support child abuse and neglect prevention projects. For example, during our visits to Imperial, Los Angeles, and

Santa Clara counties, we found that all 3 counties were subsidizing their local projects. Based on our telephone inquiries, we determined that at least 23 other counties were also subsidizing their projects.

Delays in reimbursements to local projects for preventing child abuse and neglect occurred because the department's process for approving project contracts has taken longer than expected. The department did not authorize counties to claim reimbursements for project expenses until it approved the contracts the counties signed with their projects. The department, complying with its own regulations, did permit most county projects to begin operations before final approval of their contracts so that projects could avoid delays in the delivery of services. However, the department underestimated the time required to review and approve each county contract. In fact, it had not completed this process for some counties' local contracts by February 8, 1984, the conclusion of our review. Thus, at least 26 counties were forced to use their own resources to support their child abuse and neglect prevention projects.

During February 1984, the department contacted all of the counties whose contracts had not received departmental approval. The department notified those counties that had submitted project contracts that they could now claim reimbursements for their projects' expenses. Yet the department cautioned those counties that such preliminary approval did not relieve them of their responsibility for ensuring that their projects met all of the department's requirements for project contracts. The department informed the counties that had not yet

submitted their contracts that they could claim reimbursement for their projects' expenses as soon as the department had received the contracts.

As the counties whose contracts have not yet received final approval begin to submit project invoices, the workload in the accounting bureau will increase. To prevent further delays in reimbursement of project expenses, the accounting bureau will need to maintain at least its current level of staffing.

The Office of Criminal Justice Planning Promptly Distributes Funds

In contrast to the Department of Social Services, the Office of Criminal Justice Planning (OCJP) promptly disburses funds to its projects. The OCJP, which received some of the department's AB 1733 funds, authorizes reimbursements to its projects for preventing the sexual abuse and exploitation of children.

The OCJP's accounting department reviews invoices and submits them to the State Controller for payment. The OCJP has two account clerks responsible for processing the invoices for 300 projects, including the four projects funded by AB 1733. According to OCJP and State Controller supervisors, invoices should be processed within 20 working days. In determining the length of time it takes the Department of Social Services to process invoices, we were unable to document when the department received the projects' invoices; however, we were able to determine when the OCJP received its projects' invoices by reviewing the

records it maintains. Therefore, we defined the processing time for OCJP as the time from the date the OCJP received the invoice to the date the State Controller paid the invoice.

We reviewed all seven invoices submitted by three of the four OCJP projects and found that it takes an average of 19.6 working days to process OCJP projects' invoices. The three project directors told us that they had not experienced difficulty in meeting their monthly obligations.

CONCLUSION

The Department of Social Services has not promptly distributed AB 1733 funds to most of the projects or counties that provide child abuse and neglect prevention services, and thus some projects have had insufficient AB 1733 funds to meet their monthly expenses. The department did not promptly reimburse the expenses of either its own projects or the counties' local projects because the department's accounting bureau assigned insufficient staff to process project invoices. In addition, delays in the distribution of AB 1733 funds to local projects occurred because the department underestimated the time its Contracts Bureau required to review and approve each county's project contracts. The department, in compliance with its own regulations, authorized counties to have their projects begin services before final contract approval. However, it did not

permit counties to claim reimbursements for project expenses until it approved their particular projects' contracts. Since the review and approval of contracts took longer than the department anticipated, at least 26 counties had to use their own resources to support their local projects for the prevention of child abuse and neglect. As of February 1984, the department was in the process of alleviating this problem in the disbursement of AB 1733 funds to counties; it notified counties that they could request reimbursements for local project expenses after they submitted their project contracts for review. In contrast to the department, the Office of Criminal Justice Planning promptly disburses AB 1733 funds to its innovative projects for preventing sexual abuse and exploitation of children.

RECOMMENDATION

To expedite the process for disbursing funds to projects, the Department of Social Services should ensure that its accounting bureau assigns sufficient staff to process invoices promptly for all AB 1733 projects.

We conducted this review under the authority vested in the Auditor General by Section 10500 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,


for THOMAS W. HAYES
Auditor General

Date: April 16, 1984

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April 10, 1984

Mr. Thomas W. Hayes
Auditor General
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Dear Mr. Hayes:

RESPONSE TO THE REPORT BY THE OFFICE OF THE AUDITOR GENERAL TO THE JOINT LEGISLATIVE AUDIT COMMITTEE ENTITLED "THE SELECTION OF CHILD ABUSE AND NEGLECT PREVENTION PROJECTS MEETS STATE REQUIREMENTS, BUT THE DISTRIBUTION OF FUNDS TO MOST OF THOSE PROJECTS IS NOT PROMPT"

Thank you for providing our Agency with the opportunity to respond to your audit of the administration of the Child Abuse and Neglect Prevention Projects. The Agency is appreciative of the efforts by you and your staff.

I am attaching comments prepared by the Department of Social Services for inclusion in your report. Staff of the Department of Social Services would be pleased to meet with you at your convenience to discuss any of these particular subject areas.

Sincerely,

For DAVID B. SWOAP
Secretary

Attachment

cc: Linda S. McMahon, Director, SDSS

M e m o r a n d u m

To : David B. Swoap, Secretary
Health and Welfare Agency
1600 Ninth Street, Room 460
Sacramento, CA 95814

Date : April 10, 1984

Subject: RESPONSE TO AGO
REPORT ON AB 1733
CHILD ABUSE PREVENTION

From : Department of Social Services , 744 P Street, Sacramento, CA 95814

Attached for your review and approval is a response to the above-referenced report (P-265.1). Although the report is critical of the Department regarding delays in the contract and reimbursement processes, the Office of the Auditor General offers only one recommendation. That recommendation is to provide sufficient staff to ensure the Accounting Bureau can process claims for reimbursement in a timely manner. Although recruiting for these classes continues to be difficult, the backlog that previously existed in this program has been reduced to near normal turnaround.

It should also be noted that this report affirms that the Department guaranteed a competitive process in awarding contracts under this program and met all the statutory requirements set out by the laws governing the program.

If you have any questions about our proposed response, please contact Robert Sertich, Deputy Director of the Administration Division at (916) 5-4622.



LINDA S. McMAHON
Director

Attachment

STATE DEPARTMENT OF SOCIAL SERVICES COMMENTS REGARDING THE DRAFT REPORT BY THE OFFICE OF THE AUDITOR GENERAL ENTITLED, "THE SELECTION OF CHILD ABUSE AND NEGLECT PREVENTION PROJECTS MEET STATE REQUIREMENTS, BUT THE DISTRIBUTION OF FUNDS TO MOST OF THOSE PROJECTS IS NOT PROMPT."

RECOMMENDATION

To expedite the process for disbursing funds to projects, the Department of Social Services (DSS) should ensure that its Accounting Bureau assigns sufficient staff to process invoices promptly for all AB 1733 projects.

SDSS RESPONSE

Before we address the issue of prompt payment to contractors we feel there should be some clarification of the standard for evaluating promptness.

Page 18

Paragraph 3 states that the Office of Child Abuse Prevention (OCAP) and the Accounting Bureau should each take five working days to review and approve invoices.

The report acknowledges that OCAP, on the average, has reviewed and approved invoices in less than two days. However, it is virtually impossible for the Accounting Bureau to audit, code and schedule invoices within a five-day period except under special circumstances, and then only for a limited volume. It is a generally accepted fact that the average processing time in most accounting offices is approximately twelve calendar days. The confusion regarding this issue could be attributed to differing definitions of the term "process".

Page 19

The first paragraph establishes a fifteen-day processing standard which was defined as the length of time required to process invoices from approval by OCAP until payment by the State Controller. This standard was used to evaluate the processing of invoices with the conclusion that the average time taken exceeded the standard by approximately two weeks. As previously mentioned, the accepted processing time for Accounting is approximately twelve calendar days added to the two days for program approval, and twelve days for the State Controller's issuance of the check, totalling twenty-six days. This is within the guidelines specified by Section 8422 of the State Administrative Manual (SAM) which states that vendors should receive payment within thirty days of the date on the invoice, and only provides for payment of interest if reimbursement does not occur within sixty days.^{1*}

Pages 21 and 25

The second paragraph on page 21 states that the Accounting Bureau did not assign additional staff during a period in 1983 when staff assigned to these duties were on vacation. According to the third paragraph on

* The Auditor General's comments on specific points contained in the agency's response appear on page 33.

page 25, the Accounting Bureau assigned insufficient staff to process project invoices. Under normal circumstances staff within the Accounting and Systems Bureau are reassigned to accommodate peak workload/backlogs within the various units. However, during the time in question there was a higher than normal vacancy rate due to retirements and staff transfers to other Departments. This seriously reduced our flexibility to redirect staff without jeopardizing other payment functions. Compounding this was the unexpected receipt of Federal Funds for the Emergency Food and Shelter Program which resulted in additional workload for the contracts payment unit.

In order to minimize the payment delays to contractors, extensive overtime was authorized and in addition, one additional position was redirected to the contracts unit to process payments. As a result of these efforts the backlog has been eliminated and processing time is now approximately twelve calendar days.

In conclusion, DSS agrees that contractors should receive prompt payment for services provided. Our goal has always been to reimburse contractors within a reasonable time frame and we share your concerns over the unanticipated delays in making payments to contractors providing services for the Child Abuse and Neglect Prevention Program. As a result of efforts to reduce the backlog, the current Accounting Bureau processing time is approximately twelve days, which is consistent with Section 8422 of the SAM.

GENERAL COMMENTS

Page 7

As an update to the status of county contracts for local projects, the Department has now fully approved one hundred and three (103) (out of one hundred and fifty-seven (157)) contracts in twenty-seven (27) counties representing about \$5.7 million of the \$7.9 million in available funding. Eleven (11) counties have not yet submitted some or all of their contracts.

Page 9

There is also one technical comment regarding the innovative projects mentioned in the second paragraph. The ten innovative projects monitored by OCAP were all approved in August 1983 and, therefore, will end in August 1984. (2)

Page 13

This portion of the report concerns the review process for local projects. Although it is given considerable emphasis in the report, the lack of an additional staff person for the Contracts Bureau had a minimal impact on the processing time for the county projects. Rather, the Department's decision to undertake a meticulous review of the county bidding process,

the unfamiliarity of the contracting agencies with our bidding requirements, and the ensuing delays in correcting the deficiencies found were the major factors contributing to the delays in the local projects review process.

Many counties took a great deal of time to respond to DSS letters requesting further information, clarification or strengthening of Request for Proposals (RFPs), projects and contracts. A few counties were not thorough in their responses, taking the attitude that DSS should deal directly with project agencies if we wanted additional information.

The report also states that the Contracts Bureau was simultaneously conducting reviews of two other programs. Although a backlog had developed in the processing of AB 1733 contracts, in actuality the Contracts Bureau was reviewing contracts for up to ten other programs during this period, including a large new program for refugee services with a federally mandated time frame tighter than that of AB 1733.

While the five to six month processing time could have been reached under ideal conditions, the combination of these major peak workloads made that unattainable.

Page 14

At the end of the first paragraph the Office of Criminal Justice Planning Projects (OCJP) process is described as similar to that used by the Department.

Actually, OCJP has specific legislative authority to use a funding award process that does not require control agency approval. OCJP did not interact with the counties on their awards, which also accounts for the shorter processing time. The award of DSS direct contracts, which did require control agency approval compares favorably to the time required for OCJP for their contracts, since they do not require control agency approval.

Page 23

Although the final paragraph on this page is generally accurate, it is not complete. The Department did not allow counties to claim reimbursement until the counties had submitted executed project contracts. This was to ensure that counties had legally binding documents before the start of service. In addition, counties were not to be paid until the proposed projects themselves were approved by the state as fully meeting the standards of AB 1733 and state regulations.

Auditor General's Comments:

- (1) On page 18 of the report, we attribute the standards for processing project invoices to the supervisors for claims processing at the department and at the State Controller's Office.
- (2) Text changed.

APPENDIX

SUMMARY OF THE AUDITOR GENERAL'S PREVIOUS REPORT ON THE IMPLEMENTATION OF CHILD ABUSE AND NEGLECT PREVENTION LEGISLATION

Report P-265, March 1983 -- Compliance with the Competitive Process for Contracting with Child Abuse and Neglect Prevention Agencies

Summary of Findings

As required by Chapter 1398, Statutes of 1982 (Assembly Bill 1733), we examined the Department of Social Services' (department) compliance with the competitive process for contracting with child abuse and neglect prevention agencies. Assembly Bill (AB) 1733 directs the department to contract for three types of programs: programs for training and technical assistance, innovative programs for preventing child abuse and neglect, and programs sponsoring local projects for preventing child abuse and neglect.

We identified two problems in the department's contracting for child abuse and neglect prevention programs. First, training and technical assistance contracts had not been competitively bid according to state and department guidelines, and the department had selected potential contractors without sufficient justification; however, as of March 1, 1983, these contracts had not received all the required approvals. This problem is of particular concern because we addressed this same issue in a previous Auditor General report. Second, there is a potential conflict of interest in the manner in which some counties conduct the contracting process. In one county we reviewed, persons who wrote the county's request for proposal are associated with organizations that intend to bid for funds authorized by AB 1733.

We also found that the Office of Child Abuse Prevention (office) has not always determined the effectiveness of its pilot and demonstration projects aimed at preventing child abuse and neglect. The office also does not always prepare the Contractor Evaluation Sheets for child abuse and neglect prevention projects, even though the State Administrative Manual requires such evaluations. Therefore, we cannot document the effectiveness of these projects. In addition, since the office did not prepare project evaluations, receive regular reports from project operators, or prepare written on-site monitoring reports, the office cannot determine the success of its projects in reducing or preventing child abuse and neglect.

Finally, we found that the department's formula for allocating to the counties funds authorized by AB 1733 meets the intent of this legislation.

Recommendations

To correct the contracting deficiencies and to ensure a competitive contracting process at both the department and county level, the Department of Social Services should adhere to established contracting guidelines. Additionally, the department should provide specific guidelines to the counties to ensure that counties avoid the potential for conflict of interest in their contracting practices.

Furthermore, the Department of Social Services should ensure that the Office of Child Abuse Prevention obtains and maintains appropriate reporting and monitoring documentation of the progress of its future contracts; prepares Contractor Evaluation Sheets for all contracts in excess of \$10,000 within 30 days of contract completion as required by the State Administrative Manual; uses available evaluation models such as those contained in the booklet "Evaluating Child Abuse Prevention Programs," to determine the effectiveness of its pilot and demonstration projects in reducing or preventing child abuse and neglect; refrains from funding any new or continuing child abuse and neglect prevention projects until it has determined the effectiveness of its already funded projects; and ensures that each of the department's future child abuse and neglect prevention contracts includes a specific requirement to evaluate the project's effectiveness in reducing or preventing child abuse and neglect.

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
State Controller
Legislative Analyst
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
Capitol Press Corps